

December 16, 1999

IN RE: DOCKET NO. 98-404-C – **PAETEC COMMUNICATIONS, INC.** –  
Application for a Certificate of Public Convenience and Necessity to  
Operate as a Reseller of Telecommunications Services in South Carolina.

COPY OF **TESTIMONY OF JOHN T. AMBROSI ON BEHALF OF  
PARTEC COMMUNICATIONS, INC.** HAS BEEN DISTRIBUTED TO THE  
FOLLOWING:

\_\_\_\_\_  
T. Hardin

\_\_\_\_\_  
Legal (2)

\_\_\_\_\_  
Exec. Director

\_\_\_\_\_  
Manager, Utils Dept.

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Audit (2)

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Commissioners (7)

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ACCEPTED FOR PROCESSING - 2019 December 10 10:25 AM - SCPSC - 1998-404-C - Page 2 of 13

LAW OFFICES OF  
**PARKER, POE, ADAMS & BERNSTEIN L.L.P.**  
1201 MAIN STREET, SUITE 1450  
P.O. BOX 1509  
COLUMBIA, SOUTH CAROLINA 29202-1509  
TELEPHONE 803-255-8000 FACSIMILE 803-255-8017

FAYE A. FLOWERS  
SPECIAL COUNSEL

DIRECT DIAL NUMBER  
803-253-8912

E-MAIL ADDRESS  
FAF@PPAB.COM

December 16, 1998

***Via Hand Delivery***

Mr. Gary E. Walsh  
Executive Director  
South Carolina Public Service Commission  
Koger Executive Center  
101 Executive Drive  
PO Drawer 11649  
Columbia, SC 29211

***Re: PaeTec Communications, Inc.  
Docket No. 98-404-C***

Dear Mr. Walsh:

Enclosed for filing with the Commission is the original and 29 copies of the Testimony of John T. Ambrosi on behalf of PaeTec Communications, Inc., in the above docket. Please have four of the copies clocked-in and returned to our courier.

If you have any questions concerning the enclosed, please feel free to contact me.

Very truly yours

  
Faye A. Flowers

FAF/ccq  
Enclosures

cc: Mr. J. T. Ambrosi (w/enc.)  
F. David Butler, Esquire (w/enc.)





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MR 12-16-98

S. C. PUBLIC SERVICE COMMISSION  
RECEIVED  
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BEFORE THE  
SOUTH CAROLINA PUBLIC SERVICE COMMISSION

Docket No. 98-404-C

In Re: )  
PaeTec Communications, Inc.'s )  
Application for Authority to Operate )  
As a Reseller of Telecommunications )  
Services in South Carolina )

S. C. PUBLIC SERVICE COMMISSION  
RECEIVED  
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UTILITIES DEPARTMENT

TESTIMONY OF JOHN T. AMBROSI  
ON BEHALF OF  
PAETEC COMMUNICATIONS, INC.

RETURN DATE: OK MR  
SERVICE: OK MR

Testimony of J. T. Ambrosi  
Paetec Communications, Inc.  
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1     **Q.     PLEASE STATE YOUR NAME, POSITION, BUSINESS ADDRESS AND TELEPHONE**  
2     **NUMBER.**

3     **A.     My name is John T. Ambrosi. My business address is PaeTec Communications, Inc.**  
4     **("PaeTec"), 290 Woodcliff Drive, Fairport, New York 14450. My phone number is 716-340-**  
5     **2528.**

6     **Q.     WHAT IS YOUR POSITION WITH PAETEC?**

7     **A.     I am the Manager of Regulatory Affairs.**

8     **Q.     WHAT ARE YOUR RESPONSIBILITIES AS MANAGER OF REGULATORY**  
9     **AFFAIRS?**

10    **A.     I am responsible for state and federal certification, network interconnection issues, and**  
11    **regulatory compliance for PaeTec.**

12    **Q.     PLEASE BRIEFLY DESCRIBE YOUR PREVIOUS PROFESSIONAL EXPERIENCE**  
13    **AND QUALIFICATIONS.**

14    **A.     I graduated with a Bachelor of Arts degree in History from the University of Rochester in 1984.**  
15    **I was awarded a Masters in Public Policy Analysis in 1997 from the University of Rochester.**  
16    **I started my career in the United States Marines and held various leadership roles including**  
17    **commanding officer and operations officer. After leaving the Marines, I was employed by**  
18    **Raymond Associates as a telecommunications analyst to review the impact of federal and state**  
19    **legislation on universal service and access charge reform. I have also worked for ACC Telecom**  
20    **as a regulatory analyst and for Teleport Communications Group in Carrier Relations. In 1998,**  
21    **I joined PaeTec as the Manager of Regulatory Affairs, the position I now hold.**

**Testimony of J. T. Ambrosi**  
**Paetec Communications, Inc.**  
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**Q. HAVE YOU TESTIFIED BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION ("COMMISSION") PREVIOUSLY?**

**A. No, I have not.**

**Q. ARE YOU FAMILIAR WITH THE APPLICATION THAT WAS SUBMITTED BY PAETEC TO THE COMMISSION ON AUGUST 7, 1998, FOR A CERTIFICATE OF AUTHORITY TO PROVIDE COMPETITIVE INTEREXCHANGE TELECOMMUNICATIONS SERVICE WITHIN THE STATE OF SOUTH CAROLINA?**

**A. Yes I am.**

**Q. DO YOU, IN YOUR TESTIMONY, RATIFY AND CONFIRM THE STATEMENTS THAT ARE MADE IN PAETEC'S APPLICATION?**

**A. Yes I do.**

**Q. IS PAETEC CURRENTLY CERTIFICATED TO PROVIDE SERVICE IN SOUTH CAROLINA?**

**A. No.**

**Q. HAS PAETEC EVER MARKETING OR SOLD SERVICE FOR INTRASTATE PURPOSES IN SOUTH CAROLINA BEFORE?**

**A. No.**

**Q. FOR THE COMMISSION'S INFORMATION, PAETEC IS CURRENTLY AUTHORIZED TO PROVIDE INTEREXCHANGE SERVICES IN WHAT STATES?**

**A. New Jersey, Texas, Massachusetts, Michigan, Rhode Island, New Hampshire, California, Virginia, Iowa, Ohio, Delaware, Colorado, Indiana, New York, Montana, Nevada, Maine, Pennsylvania, Maryland, Washington, Florida, Oregon, Utah, Mississippi, Alabama, Connecticut, Vermont and Illinois. I note that PaeTec has also received authorization to provide local services in ten states, including Illinois, Florida, Maryland, New York and Pennsylvania.**

Testimony of J. T. Ambrosi  
Paetec Communications, Inc.  
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1     **Q.     WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2     A.     The purpose of my testimony is to describe the services proposed to be offered by PaeTec in  
3             South Carolina, and to demonstrate that the grant of PaeTec's application is in the public  
4             interest. My testimony specifically relates to PaeTec's managerial, financial and technical  
5             competence to provide the services for which authority is requested.

6     **Q.     PLEASE DESCRIBE THE AUTHORITY THAT PAETEC SEEKS BY ITS**  
7     **APPLICATION.**

8     A.     PaeTec seeks authority to provide competitive resold interexchange services in South Carolina.

9     **Q.     PLEASE DESCRIBE THE CORPORATE STRUCTURE OF PAETEC.**

10    A.     PaeTec is a privately-held Delaware corporation which was formed in May, 1998, for the  
11            purpose of providing telecommunications services throughout the United States. PaeTec  
12            Communications, Inc., is a wholly owned subsidiary of PaeTec Corp., a Delaware corporation.

13    **Q.     IS PAETEC LEGALLY AUTHORIZED TO DO BUSINESS IN SOUTH CAROLINA?**

14    A.     Yes. Copies of PaeTec's Articles of Incorporation and its Certificate of Authority to Transact  
15            Business in the State of South Carolina are attached to its Application.

16    **Q.     HOW ARE PAETEC'S SERVICES TO BE MARKETED?**

17    A.     PaeTec will market its services via direct mail or in person through authorized agents. PaeTec  
18            does not plan at this time to use telemarketing to offer its services in South Carolina. It is also  
19            possible for consumers to subscribe to PaeTec's services over the Internet or by calling PaeTec's  
20            toll-free number directly.

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1 Q. WHAT IS PAETEC'S TOLL-FREE CUSTOMER SERVICE NUMBER AND THE  
2 HOURS OF OPERATION?

3 A. The toll-free number is 877-340-2600 and the hours of operation are 8:00 A.M. to 5:00 P.M.,  
4 Eastern Standard Time, Monday through Friday.

5 Q. PLEASE ADDRESS PAETEC'S MANAGERIAL AND TECHNICAL QUALIFICA-  
6 TIONS.

7 A. PaeTec has the technical and managerial resources necessary to provide customers in the State  
8 of South Carolina with high-quality, dependable, interexchange telecommunications services.  
9 The majority of PaeTec's management-level employees come to PaeTec with experience from  
10 previous carriers such as Frontier, ACC, Teleport, and AT&T. I have attached to my testimony  
11 the resumes of PaeTec's key personnel, which reflect the previous managerial and technical  
12 experience of those persons. Of course, PaeTec will also rely on the experience and technical  
13 ability of its underlying carriers as well.

14 Q. PLEASE DESCRIBE PAETEC'S FINANCIAL QUALIFICATIONS.

15 A. PaeTec is financially qualified to provide telecommunications services in South Carolina.  
16 PaeTec has raised a total of \$18.5 Million in private equity, and, on November 17, 1998, PaeTec  
17 received a \$49 Million line of credit from Newcourt Capital, a division of AT&T Commercial  
18 Finance Corporation. In terms of its South Carolina operations, PaeTec would have very little  
19 initial costs because it is seeking only to provide *resold* interexchange telecommunications.

20 Q. HAS ANY STATE EVER DENIED PAETEC AUTHORIZATION TO PROVIDE  
21 INTRASTATE SERVICE?

22 A. No.

**Testimony of J. T. Ambrosi**  
**Paetec Communications, Inc.**  
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**Q. HAS ANY STATE EVER REVOKED PAETEC'S CERTIFICATION?**

**A. No.**

**Q. HAS THE COMPANY EVER BEEN INVESTIGATED OR SANCTIONED BY ANY REGULATORY AUTHORITY FOR SERVICE OR BILLING IRREGULARITIES?**

**A. No.**

**Q. IF GRANTED CERTIFICATION TO PROVIDE SERVICE IN SOUTH CAROLINA, WILL PAETEC ABIDE BY THE RULES AND REGULATIONS OF THIS COMMISSION, AS NOW ADOPTED OR THAT MAY BE ADOPTED IN THE FUTURE?**

**A. Yes, we will.**

**Q. PLEASE DESCRIBE THE PUBLIC INTEREST BENEFITS ASSOCIATED WITH PAETEC'S PROPOSED OFFERINGS IN SOUTH CAROLINA?**

**A.** The entry of PaeTec into the telecommunications business in South Carolina will serve the public interest by creating greater competition in the interexchange marketplaces and permitting customers to achieve increased efficiencies and cost savings. Consumers will benefit both directly as a result of the competitively priced service options available from PaeTec and also indirectly as PaeTec's presence increases the incentives for other telecommunications providers to operate more efficiently, reduce prices, and offer more innovative services. Approval of this Application, therefore, will serve the public interest.

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

**A. Yes, it does.**



**Arunas A. Chesonis**  
**President and Chief Executive Officer**

**Arunas A. Chesonis, 36, is the President and Chief Executive Officer of PacTec Communications, Inc.**

**Formerly with ACC Corp. the parent company for all ACC-owned operations in the United States, Canada, Germany, and the United Kingdom Mr. Chesonis was also President and Chief Operating Officer for ACC Global Corp. which coordinated all purchasing and network optimization for international terminations and fiber capacity for ACC worldwide.**

**Mr. Chesonis joined ACC in May, 1987 as Vice President of Operations for the U.S. business unit. In January, 1989, he was named President of ACC Long Distance Corp. (U.S.). He has also been President of ACC's Canadian operations and Managing Director of ACC's UK enterprise primarily during the initial startup years. Prior to joining ACC, he held various positions within Rochester Telephone Corporation, now Frontier Corporations.**

**Mr. Chesonis holds a B.S. in Civil Engineering from MIT and an MBA from the University of Rochester. In 1995, he received the Rochester Business Journal "Forty Under 40" award. In 1997, he received the Rosenthal Award for Innovation in Modern Finance from the Simon School at the University of Rochester. He is an active board member of Compeer, Inc. and the Humane Society of Monroe County.**

**Mr. Chesonis lives in Victor, New York with his wife, Pamela, and their three children, Adam, Erik and Tessa.**

**Joseph D. Ambersley**  
**Regional President (South)**

**Joseph D. Ambersley has been working in the telecommunications industry for the past sixteen years beginning in 1983 with Microtel, Inc. in Boca Raton, FL. He served as vice President of Carrier Sales for ATC/Microtel, and for the past seven years has been Vice President of Carrier Sales at National Tel of Florida.**

**Mr. Ambersley was elected to the Board of Directors of ACTA, one of the national trade associations representing interexchange carriers, and served from 1995 to 1998. He has been the secretary/treasurer of the Associated Communications Companies of America (ACCA) for the past five years.**

**Mr. Ambersley received a Bachelor of Science Degree from Florida State University in 1972 and a Masters Degree from Rollins College in 1976. Prior to 1983, Joseph was the Athletic Director at the University of West Florida in Pensacola**

**Jack Baron**  
**Regional President (North)**

Jack joins PaeTec Communications, Inc. with over 14 years management experience including 7 years in telecom sales and customer service management. Most recently, Jack served as Vice President of Sales and Customer Service for ACC TeleCom's US operations. In just under 3 years, Jack's commercial sales teams grew annual revenues from \$30 Million to over \$100 Million, and successfully transitioned ACC from plain vanilla long distance sales and service to a comprehensive product offering of long distance, local, internet and data services. During his tenure with ACC, in addition to US sales, Jack managed Account Development, Customer Service, Sales Support, Information Processing, University Sales and Service, and Marketing.

Prior to joining ACC in 1995, Jack served as President of ETI Technical College -- a 4 year engineering college in Cleveland, Ohio. While there Jack had full profit and loss responsibility and returned the college to profitability following \$1 Million in annual losses prior to his arrival in 1992.

Jack was Vice President of Corporate Sales and Telephonic Banking at Goldome Bank through the late 80s and early 90s, managing 114 people comprising the bank's largest and most profitable sales and customer service groups. Jack was a regional manager for Allnet Communications for all of Western New York State and Pennsylvania from 1983 to 1987.

Jack has an MBA from Syracuse University with a concentration in marketing where he graduated summa cum laude. He has a BS in Neuroscience from the University of Rochester.

Jack lives in Fairport with his wife Lisa and their two daughters, Jessica and Lauren.

**Richard Ottalagana**  
**Executive Vice President**

Richard Ottalagana, 55, has over 30 years experience in the telecommunications industry. Dick began his career in telecommunications working summers as a central office installer for Stromberg-Carlson while attending Rider University. After his discharge from the Army, Dick worked for approximately 2 years with GTE as an auditor before joining Rochester Telephone Corp (now Frontier) in 1972. While at Rochester Telephone he held managerial positions in virtually all disciplines over a 20 year span, including sales, operations, engineering, labor relations, operator services, regulatory, accounting and finance.

Dick joined ACC Corp in 1993 as Director of Business Development where his primary duty was to develop a business plan for that company to enter the local exchange marketplace as a competitive local exchange carrier ("CLEC"). With approval of that plan by ACC's Board of Directors, Dick was promoted to Vice President and General Manager where he had overall responsibility to develop and implement the local exchange plan. Primarily under Dick's leadership, the CLEC subsidiary became the first profitable CLEC in the United States with

annualized revenues of approximately \$60 million at the end of 1997. Because of his daily involvement, the CLBC became both net income and cash flow positive approximately three years ahead of the expected results in the business plan.

Dick holds a bachelor degree in accounting and has numerous technical telecommunications courses to his credit. He serves as Chairman of the Board to the Summit Federal Credit Union. Dick is active in a variety of community activities in Rochester, New York where he resides with his wife, Jean and daughter Lynne.

**Richard J. Padulo**  
**Executive Vice President of Engineering & Operation**

Dick Padulo is joining PaeTec Communications with over 34 years of experience in the telecommunications industry. Dick started his career in the U.S. Army as a communications specialist. From there, Dick was employed at Rochester Telephone Co., now known as Frontier Communications. His technical experience includes central office switching, operations and teaching switch center operations and management.

In 1992, Dick joined ACC TeleCom as the Director of Operations where he assisted in the management of the long distance operations in the United States and Canada.

In 1994, Dick assisted in the start up of ACC's local telephone subsidiary, ACC National Telecom, where he assisted with the business planning and assumed the position of Director of Operations and Engineering. He was also involved in building six switch sites and networks for the core of the business.

Dick has received several certificates and certifications for various seminars and training facilities.

Dick resides in Rochester, N.Y. with his wife, Mary and they have 2 children.

**Daniel J. Venuti**  
**Executive Vice President, Secretary and General Counsel**

Dan Venuti, 38, comes to PaeTec Communications with over 14 years experience in corporate legal matters, with a concentration in telecommunications law. Prior to joining PaeTec, Dan served as Vice President and General Counsel for ACC TeleCom in Rochester, New York, with responsibility for all of ACC's United States legal and regulatory operations. Dan joined ACC in 1994 and actively supported all aspects of ACC's long distance, CLEC, internet, and data services product offerings. He also successfully guided ACC's publicly traded parent company, ACC Corp., through a number of acquisitions, financing transactions, and secondary stock offerings.

Prior to assuming the General Counsel role at ACC, Dan spent just under 10 years in private practice with Bond, Schoeneck, & King, the largest law firm in Central New York. Dan built a

successful general corporate practice serving the various needs of the business community, while also developing a specialized practice focusing on telecommunications-related matters.

Dan holds a J.D. from the State University of New York at Buffalo School of Law, where he graduated Magna Cum Laude. He also has a B.A., Magna Cum Laude, from Syracuse University. Dan is a member of the American Corporate Counsel Association, the Federal Communications Bar Association, the New York State Bar Association, and the Onondaga County Bar Association.

Dan resides in Solvay, New York with his wife, Paulette, and their three children, Brian, Kimberly, and Gina.

**Tim Bancroft**  
**Vice President of Finance**

Mr. Bancroft joins PacTec with over 25 years of experience in the communications industry, having held a variety of pertinent positions with Frontier Corporation and most recently, as the Vice President of Finance of a subsidiary of Citizens Communications. His diverse experience includes marketing, strategic business planning, mergers and acquisitions in addition to a traditional corporate finance role and perspective.

Mr. Bancroft's career accomplishments include the completion of a \$40 million debt financing for Frontier's long distance subsidiary, leadership of marketing initiatives and competitive bid proposals that gained and retained key customers, and the successful negotiation of strategic interconnection and partnering agreements with industry players.

Tim holds a Bachelor of Science degree in Business Administration from the Rochester Institute of Technology and participates as a parks and recreation commissioner in the community of Perinton.

Tim resides in Fairport with his wife and family.

**Richard J. Padulo**  
**Executive Vice President of Engineering & Operations**

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